

**DBEDT**  
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
STATE OF HAWAII



# ***QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary March 2002***

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before March 21, 2002.

#### On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/index.html>.

Beginning in March 2000, the printing of the entire *QSER* had been discontinued. The full version will be available on-line at <http://www.hawaii.gov/dbedt/qser.html> and a *QSER Executive Summary* at <http://www.hawaii.gov/dbedt/latest.html> and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division's Business Resource Center at (808) 586-2424.

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## STATE OF THE ECONOMY

The fourth quarter of 2001 was the period during which the Hawaii economy suffered the severest effects of the September 11<sup>th</sup> attacks compounded by the drag of the mainland and Japanese recessions. It was also the period during which the recovery from those traumas took hold and began to strengthen. At the beginning of the fourth quarter, visitors were arriving at a rate 30 percent lower than usual and unemployment was increasing. These negative conditions were moderated, however, by continued consumer spending, federal government spending, and construction activity. As the year ended, unemployment remained above recent averages and visitor arrivals had not returned to pre-September 11th levels, but there were notable signs of improvement in the economy.

In the fourth quarter of 2001, Hawaii's civilian employment exhibited a moderate 0.6 percent increase over the fourth quarter of 2000. The number of civilians unemployed and the unemployment rate rose significantly over the fourth quarter of 2000, but the monthly data were already improving by the end of the quarter.

The number of non-agricultural wage and salary jobs decreased by 2.0 percent measured year-over-year for the fourth quarter (Table A-5). Three industries accounted for most of the job losses between the fourth quarters of 2001 and 2000: Retail Trade lost 4,500 jobs (Table A-11), Transportation lost 3,050 jobs (Table A-8), and Hotels lost 2,500 jobs (Table A-15).

Personal income rose 4.1 percent in the third quarter of 2001, the period for which the most recent data are available, compared to the third quarter of 2000 (Table B-2). Wage and salary growth was

particularly strong. Wages and salaries rose by over 940 million dollars or 4.9 percent in the third quarter of 2001 (Table B-3). Other labor income rose by 3.5 percent (Table B-4) and proprietors' income grew by 3.0 percent measured year-over-year for the third quarter (Table B-5).

State general fund tax revenues were virtually the same in the fourth quarter of 2000 and the fourth quarter of 2001 (Table C-2). Annual collections for 2001 were up 3.4 percent over general fund revenues in 2000. GET revenue for the fourth quarter expanded by 3.8 percent (Table C-3), led especially by the Retailing, Services, and Contracting sectors. However, net individual income tax revenue declined by 3.0 percent (Table C-4) with the phase-in of the third part of the income tax reduction. Transient Accommodations Tax (TAT) revenue decreased by 13.3 percent in the fourth quarter (Table C-13).

The number of visitors arriving by air decreased by 24.4 percent from the fourth quarter of 2000 to the fourth quarter of 2001 (Table D-2). Average daily census was down by 18.7 percent (Table D-8) and hotel occupancy rates also dropped, decreasing from 72.8 percent in the fourth quarter of 2000 to 57.1 percent in the fourth quarter of 2001 (Table D-11).

Construction industry activity, measured by both the contracting tax base and government contracts awarded were up from the prior fourth quarter. Construction jobs declined 3.8 percent.

Hawaii bankruptcy filings increased by 6.0 percent in the fourth quarter of 2001 (Table F-1). U.S. bankruptcy filings increased 17.7 percent.

## OUTLOOK OF THE ECONOMY

At the end of the third quarter of 2001, the September 11<sup>th</sup> attacks had just occurred and DBEDT expected “unprecedented” economic problems. It was thought that decreases in visitor arrivals could approach 30 percent for the fourth quarter of 2001 and layoffs could exceed 25,000. As it turned out, visitor arrivals were off 24.4 percent for the final three months of 2001, but job losses stayed below 10,000 and total civilian employment continued to grow. Hawaii’s economy demonstrated greater stability and resiliency than was previously expected.

How this recently-noted resiliency will translate into growth in the near future is still yet to be seen. For one thing, current forecasts assume that military and domestic security issues will continue to be addressed effectively and that catastrophic events will not retard the economic recovery. With that in mind, it appears that the outlook for Hawaii’s economy is somewhat more positive than it was last quarter.

Hawaii’s recovery will be closely tied to its visitor markets and the U. S. and international economic performance. It is therefore significant that it is generally perceived that the U.S. is pulling out of the recession that had stalled the national economy since the spring of 2001. The Blue Chip Economic Forecast, which is based on an average of 50 major U.S. forecasts, has recognized this trend by increasing the forecast for growth in U.S. GDP in 2002 from 1.1 percent forecast in January to 1.5 percent in the February issue.

The prospects for Japan, however, are not as hopeful. Japan’s GDP declined at a 0.8 percent rate in 2001. For 2002, the Blue Chip forecast expects Japan’s economy to show a further 1.0 percent decline in GDP.

In the absence of any new shocks to the confidence of travelers, Hawaii visitor counts should improve considerably in 2003. It now appears that visitor arrivals could be back to pre-September 11<sup>th</sup> levels as early as Summer 2002. In 2002, total visitor arrivals are predicted to grow 3.5 percent and visitor expenditures are forecast to increase 3.4 percent from their depressed state during 2001, but these gains would not bring total arrivals for the year 2002 back to 2000 levels.

Total wage and salary jobs in the State is now expected to finish 2002 at 0.1 percent below the 2001 total. After inflation, Real Personal Income is forecast to show a 1.3 percent increase for the year, while real GSP is expected to increase by 1.7 percent.

The forecast expects all sectors of the state’s economy to attain pre-September 11<sup>th</sup> levels or better by the second half of 2003. Visitors are forecast to increase by about 6.3 percent in 2003 and bring the total visitor count for the year back up to the year 2000 level. This will help the overall job count manage a 2.0 percent increase for 2003. The economy should then be poised for better than average growth in 2004.

**ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII:  
2000 TO 2005**

<b>Economic Indicators</b>	<b>2000 (Actual)</b>	<b>2001 (Actual)</b>	<b>2002 (Forecast)</b>	<b>2003 (Forecast)</b>	<b>2004 (Forecast)</b>	<b>2005 (Forecast)</b>
Total population (thousands)	1,212.3	1,224.4	1,236.6	1,249.0	1,261.5	1,274.1
Visitor arrivals (thousands)	6,948.6	6,313.7	6,534.7	6,946.4	7,120.0	7,283.8
Visitor expenditures (million dollars)	10,918.1	10,140.0	10,486.4	11,282.0	11,761.1	12,263.5
Honolulu CPI-U (1982-84=100)	176.3	178.4	180.7	183.8	187.3	190.9
Personal income (million dollars)	33,775.6	34,924.0 p	35,797.1	37,121.6	38,569.3	40,035.0
Personal income (\$1992 million)	30,129.9	30,743.0 p	31,127.9	31,727.9	32,356.8	32,959.4
Total wage & salary jobs (in thousands)	559.2	561.0	560.4	571.6	583.0	594.7
Gross state product (million dollars)	39,394.3	40,487.1 p	41,694.1	43,964.4	37,675.9	38,349.1
Real gross state product (\$1992 million)	35,142.1	35,640.1 p	36,255.7	36,964.4	37,675.9	38,349.1
Gross state product deflator (1992=100)	112.1	113.6 p	115.0	117.0	119.2	121.5
<b>Annual Percentage Change</b>						
Total population (thousands)	NA	1.0	1.0	1.0	1.0	1.0
Visitor arrivals (thousands)	3.1	-9.1	3.5	6.3	2.5	2.3
Visitor expenditures (million dollars)	6.2	-7.1	3.4	7.6	4.2	4.3
Honolulu CPI-U (1982-84=100)	1.7	1.2	1.3	1.7	1.9	1.9
Personal income (million dollars)	4.1	3.4 p	2.5	3.7	3.9	3.8
Personal income (\$1992 million)	3.7	2.0 p	1.3	1.9	2.0	1.9
Total wage & salary jobs (thousands)	3.0	0.3	-0.1	2.0	2.0	2.0
Gross state product (million dollars)	5.3	2.8 p	3.0	3.7	3.8	3.7
Real gross state product (\$1992 million)	3.7	1.4 p	1.7	2.0	1.9	1.8
Gross state product deflator (1992=100)	1.5	1.3 p	1.2	1.7	1.9	1.9

p Preliminary.

Source: Hawaii State Department of Business, Economic Development and Tourism, March 21, 2002.

## COUNTY ECONOMIC CONDITIONS

The economies of the various counties were affected in different ways and to different degrees by the September 11<sup>th</sup> attacks. The variations and levels of impact for the fourth quarter of 2001 can be observed in the figures for labor force, civilian employment, jobs, general excise tax revenues, and visitor arrivals.

Labor force grew in all counties. The rates of growth for fourth quarter 2001 over the last quarter of 2000 are: City and County of Honolulu, 1.5 percent (Table 2); Hawaii County, 4.3 percent (Table 3); Maui County, 3.5 percent (Table 4); and Kauai County, 2.9 percent (Table 5).

Civilian employment grew 3.4 percent on Hawaii, 2.6 percent on Kauai, 0.9 percent on Maui, and fell 0.1 percent in the City and County of Honolulu in the fourth quarter of 2001. The unemployment rate jumped by 2.5 percentage points on Maui, increasing to 6.0 percent. On Hawaii the unemployment rate rose 0.9 percentage points to 6.6 percent and on Kauai it rose 0.3 percentage points to 6.7 percent. On Oahu, the rate of unemployment jumped 1.5 percentage points in the fourth quarter over the fourth quarter of 2000, but still remained below 5 percent at 4.9 percent.

Non-agricultural wage and salary jobs grew on Hawaii and Kauai and declined on Oahu and Maui during the fourth quarter. Hawaii County led the growth with an increase of 0.7 percent and Kauai followed at 0.2 percent. Maui's job count fell by 1.5 percent and Honolulu's jobs dropped 2.6 percent.

Hawaii County job growth was high in construction which increased more than 200 jobs or 6.8 percent. Services jobs grew by 1.8

percent, agricultural jobs were up 9.6 percent, and government added 3.6 percent. Most other sectors were down for the quarter.

Kauai County followed the general pattern for the fourth quarter of losing non-agricultural jobs in Transportation, Communication and Utilities (2.8 percent); Retail Trade (4.3 percent); and Hotels (5.1 percent). However, Kauai had overall positive job growth for the quarter due to significant growth in Services, especially Social, Educational, and Professional Services. The reported change in Kauai's agricultural sector (-21.1 percent) is still showing the effect of shutting down Lihue Plantation in November 2000.

In the City & County of Honolulu, jobs were down in all reported sectors except Agriculture (7.1 percent), State Government (4.3 percent), Local Government (1.3 percent), and Health Services (0.8 percent).

Maui County's fourth quarter job decline was also spread across most sectors. Running counter to the downtrend were Finance, Insurance and Real Estate up 1.8 percent, Health Services up 2.0 percent, and Government up 3.8 percent.

Visitor arrivals dropped in all counties during the fourth quarter. Arrivals declined the most in the City and County of Honolulu (27.4 percent) and declined the least in Kauai County (15.4 percent).

General excise tax revenues were up in three counties for the fourth quarter, most notably up 6.9 percent on Hawaii. Honolulu GET revenues were up 3.9 percent, and Maui County GET revenues were up 1.2 percent. Kauai GET revenues were down 0.8 percent.

**Table 1. 2001 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII**

SERIES	UNIT	4th QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	610,150	2.1	605,500	1.7
Civilian employment	Persons	577,700	0.6	577,450	1.3
Civilian unemployment	Persons	32,450	41.7	28,100	10.2
Unemployment rate 2/	%	5.3	1.5	4.6	0.3
Total non-agric. wage & salary jobs 1/	Jobs	550,100	-2.0	553,550	0.4
Contract construction	Jobs	23,800	-3.8	23,700	-0.4
Manufacturing	Jobs	17,700	-1.4	17,850	2.3
Transport., comm., utilities	Jobs	39,550	-7.7	42,050	-0.5
Trade	Jobs	133,950	-4.5	136,250	-0.6
Retail	Jobs	113,700	-3.8	115,550	0.2
Finance, insur., & real estate	Jobs	32,800	-0.2	32,700	-1.4
Services & miscellaneous	Jobs	183,850	-1.6	186,100	1.7
Hotels	Jobs	36,800	-6.4	38,650	0.1
Health	Jobs	37,550	1.5	37,150	1.6
Business	Jobs	31,300	-1.1	31,250	3.0
Government	Jobs	118,500	2.0	114,950	0.3
Federal	Jobs	29,750	-2.6	30,050	-2.9
State	Jobs	72,000	4.1	68,150	1.8
Local	Jobs	16,750	1.2	16,700	0.0
Agriculture wage & salary jobs 1/	Jobs	7,700	0.7	7,400	-5.7
State general fund revenues	\$1,000	739,719	0.0	3,172,251	3.4
General excise and use tax revenues	\$1,000	409,533	3.8	1,660,764	3.1
Income-individual	\$1,000	260,749	-3.0	1,100,317	1.8
Declaration of estimated taxes	\$1,000	25,356	-3.6	219,957	0.9
Payment with returns	\$1,000	8,960	2.4	103,719	10.8
Withholding tax on wages	\$1,000	248,574	-1.7	1,025,350	1.3
Refunds	\$1,000	22,141	15.0	248,709	2.3
Transient accommodations tax	\$1,000	36,049	-13.3	174,602	-0.4
Visitor arrivals by air 3/	Persons	1,262,595	-24.4	6,313,659	-9.1
Domestic flight visitors	Persons	925,705	-12.0	4,218,374	-5.1
International flight visitors	Persons	336,890	-45.5	2,095,285	-16.2
Hotel occupancy rates 2/	%	57.1	-15.7	69.6	-6.3

1/ Labor force and jobs are based on monthly rounded data. Jobs data were rebenchmarked in February 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary data.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2001 SELECTED ECONOMIC ACTIVITIES:  
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	4th QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	432,900	1.5	429,250	1.4
Civilian employment	Persons	411,750	-0.1	411,750	1.0
Civilian unemployment	Persons	21,150	45.9	17,500	10.1
Unemployment rate 2/	%	4.9	1.5	4.1	0.3
Total non-agric. wage & salary jobs 1/	Jobs	409,250	-2.6	411,600	-0.1
Contract construction	Jobs	16,550	-6.2	16,650	-2.9
Manufacturing	Jobs	13,900	0.0	14,000	3.3
Transport., comm., utilities	Jobs	30,650	-8.8	32,950	-0.5
Trade	Jobs	96,250	-5.3	97,800	-1.5
Retail	Jobs	80,200	-4.5	81,300	-0.6
Finance, insur., & real estate	Jobs	26,550	-0.6	26,500	-1.1
Services & miscellaneous	Jobs	130,550	-2.1	131,950	1.2
Hotels	Jobs	15,000	-9.6	16,100	-1.8
Health	Jobs	30,250	0.8	30,000	1.0
Business	Jobs	26,400	-1.3	26,350	2.9
Government	Jobs	94,800	1.7	91,800	0.2
Federal	Jobs	27,800	-3.0	28,150	-2.6
State	Jobs	55,550	4.3	52,250	1.8
Local	Jobs	11,500	1.3	11,400	-0.4
Agriculture wage & salary jobs 1/	Jobs	2,250	7.1	2,300	2.2
General excise and use tax revenues	\$1,000	339,192	3.9	1,359,654	2.6
Income-individual	\$1,000	228,543	-2.6	955,080	1.7
Declaration of estimated taxes	\$1,000	19,518	-4.3	163,307	2.6
Payment with returns	\$1,000	7,043	8.4	78,085	9.2
Withholding tax on wages	\$1,000	217,684	-2.1	898,960	0.9
Refunds	\$1,000	15,703	8.7	185,273	1.5
Transient accommodations tax	\$1,000	27,207	-13.3	131,319	1.4
Visitor arrivals by air 3/	Persons	826,905	-27.4	4,268,937	-9.5
Domestic flight visitors	Persons	524,706	-11.6	2,376,536	-4.4
International flight visitors	Persons	302,199	-44.6	1,892,401	-15.3
Hotel occupancy rates 2/	%	55.2	-19.0	68.8	-6.8

1/ Labor force and jobs are based on monthly rounded data. Jobs data were rebenchmarked in February 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.



**Table 3. 2001 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY**

SERIES	UNIT	4th QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	72,700	4.3	72,250	3.1
Civilian employment	Persons	67,900	3.4	67,300	2.8
Civilian unemployment	Persons	4,800	20.0	4,950	6.5
Unemployment rate 2/	%	6.6	0.9	6.8	0.1
Total non-agric. wage & salary jobs 1/	Jobs	54,500	0.7	54,350	2.0
Contract construction	Jobs	3,150	6.8	3,100	10.7
Manufacturing	Jobs	1,600	-5.9	1,600	-3.0
Transport., comm., utilities	Jobs	2,750	-3.5	2,800	0.0
Trade	Jobs	13,400	-3.2	13,600	0.0
Retail	Jobs	11,200	-3.0	11,400	-0.4
Finance, insur., & real estate	Jobs	2,300	0.0	2,250	-4.3
Services & miscellaneous	Jobs	19,800	1.8	19,950	4.5
Hotels	Jobs	6,950	-2.1	7,150	2.9
Health	Jobs	3,150	5.0	3,100	3.3
Business	Jobs	2,200	4.8	2,150	4.9
Government	Jobs	11,450	3.6	11,100	1.4
Federal	Jobs	1,000	5.3	1,000	0.0
State	Jobs	8,100	3.8	7,800	2.0
Local	Jobs	2,350	2.2	2,300	0.0
Agriculture wage & salary jobs 1/	Jobs	2,850	9.6	2,650	0.0
General excise and use tax revenues	\$1,000	27,264	6.9	116,266	8.1
Income-individual	\$1,000	13,634	1.5	61,672	8.0
Declaration of estimated taxes	\$1,000	1,737	-7.1	21,893	1.6
Payment with returns	\$1,000	890	12.9	10,203	10.3
Withholding tax on wages	\$1,000	12,823	3.1	52,724	7.5
Refunds	\$1,000	1,816	9.5	23,148	2.0
Transient accommodations tax	\$1,000	2,044	-3.5	10,584	1.8
Visitor arrivals by air 3/	Persons	247,674	-16.7	1,183,005	-6.7
Domestic flight visitors	Persons	196,223	-10.2	869,915	-6.0
International flight visitors	Persons	51,451	-34.8	313,090	-8.6
Hotel occupancy rates 2/	%	52.4	-14.5	64.3	-6.5

1/ Labor force and jobs are based on monthly rounded data. Jobs data were rebenchmarked in February 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

**Table 4. 2001 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY**

SERIES	UNIT	4th QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	74,550	3.5	74,200	2.5
Civilian employment	Persons	70,050	0.9	70,650	1.9
Civilian unemployment	Persons	4,500	76.5	3,500	14.8
Unemployment rate 2/	%	6.0	2.5	4.8	0.6
Total non-agric. wage & salary jobs 1/	Jobs	60,800	-1.5	61,800	2.1
Contract construction	Jobs	3,050	-1.6	2,900	3.6
Manufacturing	Jobs	1,700	-8.1	1,800	2.9
Transport., comm., utilities	Jobs	4,400	-4.3	4,550	0.0
Trade	Jobs	16,950	-1.2	17,450	4.8
Retail	Jobs	15,500	-1.0	15,950	5.3
Finance, insur., & real estate	Jobs	2,800	1.8	2,800	-3.4
Services & miscellaneous	Jobs	23,750	-3.1	24,350	1.5
Hotels	Jobs	11,150	-4.3	11,500	0.4
Health	Jobs	2,550	2.0	2,500	4.2
Business	Jobs	2,000	-11.1	2,150	0.0
Government	Jobs	8,100	3.8	7,950	1.3
Federal	Jobs	550	0.0	550	-8.3
State	Jobs	5,650	4.6	5,450	1.9
Local	Jobs	1,850	0.0	1,900	0.0
Agriculture wage & salary jobs 1/	Jobs	1,850	-7.5	1,750	-10.3
General excise and use tax revenues	\$1,000	32,254	1.2	137,826	2.3
Income-individual	\$1,000	13,120	-9.7	59,344	-3.8
Declaration of estimated taxes	\$1,000	3,091	9.0	25,297	-8.1
Payment with returns	\$1,000	680	-36.8	9,539	10.0
Withholding tax on wages	\$1,000	13,215	0.5	54,127	2.6
Refunds	\$1,000	3,866	52.7	29,619	8.8
Transient accommodations tax	\$1,000	4,659	-28.4	24,705	-14.9
Visitor arrivals by air 3/	Persons	421,905	-22.2	2,096,289	-9.0
Domestic flight visitors	Persons	355,655	-15.5	1,679,490	-8.5
International flight visitors	Persons	66,250	-45.4	416,799	-11.3
Hotel occupancy rates 2/ 4/	%	61.6	-13.5	73.8	-7.1

1/ Labor force and jobs are based on monthly rounded data. Jobs data were rebenchmarked in February 2002.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary. County-level data not yet revised

4/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 5. 2001 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY**

SERIES	UNIT	4th QUARTER 2001		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	30,000	2.9	29,850	1.5
Civilian employment	Persons	28,000	2.6	27,750	0.9
Civilian unemployment	Persons	2,000	8.1	2,100	10.5
Unemployment rate 2/	%	6.7	0.3	7.0	0.5
Total non-agric. wage & salary jobs 1/	Jobs	25,650	0.2	25,750	1.0
Contract construction	Jobs	1,100	4.8	1,000	0.0
Manufacturing	Jobs	450	-10.0	450	-10.0
Transport., comm., utilities	Jobs	1,750	-2.8	1,800	2.9
Trade	Jobs	7,250	-4.0	7,400	-0.7
Retail	Jobs	6,700	-4.3	6,900	0.0
Finance, insur., & real estate	Jobs	1,150	4.5	1,100	0.0
Services & miscellaneous	Jobs	9,850	3.7	9,800	2.1
Hotels	Jobs	3,700	-5.1	3,850	1.3
Health	Jobs	1,550	3.3	1,550	6.9
Business	Jobs	700	16.7	650	8.3
Government	Jobs	4,200	1.2	4,150	1.2
Federal	Jobs	400	0.0	400	-11.1
State	Jobs	2,700	0.0	2,650	1.9
Local	Jobs	1,100	4.8	1,100	4.8
Agriculture wage & salary jobs 1/	Jobs	750	-21.1	650	-31.6
General excise and use tax revenues	\$1,000	10,822	-0.8	47,018	7.2
Income-individual	\$1,000	5,452	-8.5	24,221	6.5
Declaration estimated taxes	\$1,000	1,009	-16.1	9,459	-3.9
Payment with returns	\$1,000	347	-10.0	5,893	40.0
With holding tax on wages	\$1,000	4,852	-2.7	19,539	0.8
Refunds	\$1,000	757	23.5	10,670	-0.3
Transient accommodations tax	\$1,000	2,140	36.2	7,994	23.7
Visitor arrivals by air 3/	Persons	212,917	-15.4	1,004,696	-6.5
Domestic flight visitors	Persons	188,015	-7.7	838,293	-5.2
International flight visitors	Persons	24,902	-48.2	166,403	-12.6
Hotel occupancy rates 2/	%	62.3	-6.9	70.3	-4.1

1/ Labor force and jobs are based on monthly rounded data. Jobs data were rebenchmarked in February 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

## A. LABOR FORCE AND JOBS

In the fourth quarter of 2001, Hawaii's civilian employment exhibited a slight 0.6 percent increase over the fourth quarter of 2000, but was down from its all-time high of 578,550 persons employed the previous quarter (Table A-2). This decline of 850 persons employed broke a string of ten straight quarters during which civilian employment had increased. Average employment for the whole year of 2001 surpassed employment in 2000 by 7,550 or 1.3 percent.

Compared to the fourth quarter of 2000, the civilian labor force rose 2.1 percent (Table A-1). This year-ending increase helped produce an annual average labor force growth for 2001 of 1.7 percent, the fastest annual labor force increase since 1996.

The number of unemployed increased by 9,550 or 41.7 percent during the fourth quarter of 2001 over the same period in 2000 (Table A-3). The unemployment rate increased from 4.6 percent to 5.3 percent from the third to the fourth quarters of 2001 (Table A-4). The fourth quarter rate of 5.3 percent was 1.5 percentage points higher than that of the fourth quarter of 2000.

The number of non-agricultural wage and salary jobs decreased by 2.0 percent measured year-to-year for the fourth quarter (Table A-5).<sup>1</sup> For 2001 as a whole,

however, the average non-agricultural job count increased 0.4 percent over 2000. Three industries accounted for most of the job losses between the fourth quarters of 2001 and 2000: Retail Trade down 4,500 jobs (Table A-11), Transportation down 3,050 jobs (Table A-8), and Hotels jobs down 2,500 jobs (Table A-15). These amounted to 3.8 percent, 9.3 percent and 6.4 percent decreases respectively.

A number of other industries also showed negative job growth in the fourth quarter of 2001 compared to the same period in 2000. Jobs declined in Construction (3.8 percent, Table A-6), Manufacturing (1.4 percent, Table A-7), Wholesale Trade (8.2 percent, Table A-12), and Business Services (1.1 percent, Table 1). In the private sector, jobs only increased noticeably in Health Services, 1.5 percent, and Agriculture, 0.7 percent (Table 1).

Total government jobs increased by 2.0 percent in the fourth quarter of 2001. Federal government jobs fell 2.6 percent from the fourth quarter of 2000 (Table A-16). State government jobs increased the most of any sector from the fourth quarter of 2000 both in number, 2,850, and in percent, 4.1 (Table A-17). Local government jobs also increased but only by 1.2 percent or 200 jobs (Table A-18).

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<sup>1</sup> The job count by industry figures for 2000 and 2001 were revised by the Department of Labor and Industrial Relations in February 2002.

## B. INCOME AND PRICES

Hawaii personal income continued to grow at a high rate during the third quarter of 2001 (the period for which the latest data are available). Wages and salaries, other labor income, proprietors' income, and transfer payments showed substantial increases. Growth was more moderate for dividends, interest, and rent. All industries except Mining and Construction saw year-to-year increases in earnings during the period (Table B-1).

Personal income rose 4.1 percent in the third quarter of 2001 compared to the third quarter of 2000 (Table B-2). Wage and salary growth was particularly strong. Wages and salaries rose by over 940 million dollars or 4.9 percent in the third quarter of 2001 (Table B-3). Wages and salaries account for about 57 percent of personal income.

Other labor income, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, rose by 3.5 percent in the third quarter of 2001 compared to 2000 (Table B-4).

Proprietors' income, the income most closely related to entrepreneurial activity, grew by 3.0 percent in the third quarter of 2001 compared to the third quarter of 2000 (Table B-5).

The other two personal income components also increased. Dividends,

interest, and rent rose by 0.7 percent in the third quarter of 2001 (Table B-6). Transfer payments, consisting largely of retirement and medical payments, grew by more than \$370 million or 6.7 percent for the quarter (Table B-7).

Private sector earnings increased across almost all industries. In dollar terms, the largest increases came in services with a \$525 million increase followed by finance, insurance and real estate; retail trade; and manufacturing (Table B-1). Earnings in manufacturing grew 9.6 percent, which was the highest percentage of any industry. Personal income from Services increased by 7.3 percent to \$7.76 billion.

Earnings increased by 3.4 percent in the public sector, largely because of the 6.0 percent increase in the federal civilian component. Earnings from State and Local Government increased by 1.9 percent.

These robust increases in personal income are all the more significant, since inflation in Hawaii remained low. The Honolulu consumer price index rose by only 1.1 percent in the second half of 2001 compared to the same period in 2000 (Table B-9). This was lower than was expected for Honolulu and also lower than the 2.3 percent inflation experienced on the Mainland during the period.

**Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES**

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Annual average 1999	Third Quarter 2000	Annual average 2000	Second Quarter 2001	Third Quarter 2001	To Third Quarter 2001 From		Annual average 2000 from 1999
						Third Quarter 2000	Second Quarter 2001	
PERSONAL INCOME	32,450	33,854	33,776	34,990	35,239	4.1	0.7	4.1
Earnings By Place of Work	23,574	24,711	24,662	25,644	25,832	4.5	0.7	4.6
Wage and salary disbursements	18,277	19,275	19,254	20,063	20,218	4.9	0.8	5.3
Other labor income	2,749	2,822	2,799	2,891	2,921	3.5	1.0	1.8
Proprietors' income	2,548	2,614	2,609	2,691	2,693	3.0	0.1	2.4
Farm proprietors' income	28	3	10	27	30	900.0	11.1	-63.1
Nonfarm proprietors' income	2,520	2,611	2,599	2,664	2,662	2.0	-0.1	3.1
Dividends, interest, and rent	6,261	6,400	6,389	6,440	6,447	0.7	0.1	2.0
Transfer payments	3,928	4,105	4,089	4,319	4,379	6.7	1.4	8.7
Less: Pers. cont. for social insur.	1,312	1,363	1,365	1,413	1,418	4.0	0.4	4.0
Earnings By Industry	23,573	24,712	24,663	25,645	25,832	4.5	0.7	4.6
Farm Earnings	217	194	200	225	234	20.6	4.0	-7.8
Nonfarm Earnings	23,356	24,518	24,463	25,420	25,598	4.4	0.7	4.7
Private Earnings	16,195	17,248	17,181	18,070	18,080	4.8	0.1	6.1
Ag. serv., forestry, fishing & oth	141	149	150	150	150	0.7	0.0	6.2
Mining	25	27	26	26	26	-3.7	0.0	6.1
Construction	1,316	1,497	1,471	1,485	1,479	-1.2	-0.4	11.8
Manufacturing	714	757	756	824	830	9.6	0.7	6.0
Transport. and public utilities	1,840	1,953	1,936	1,991	1,991	1.9	0.0	5.2
Wholesale trade	835	875	871	920	900	2.9	-2.2	4.3
Retail trade	2,623	2,778	2,762	2,869	2,868	3.2	0.0	5.3
Finance, insur., and real estate	1,962	1,976	1,964	2,078	2,074	5.0	-0.2	0.1
Services	6,739	7,236	7,246	7,726	7,761	7.3	0.5	7.5
Gov't and gov't enterprises	7,162	7,269	7,282	7,350	7,518	3.4	2.3	1.7
Federal	4,130	4,396	4,342	4,531	4,590	4.4	1.3	5.1
Federal, civilian	1,836	1,966	1,960	2,056	2,084	6.0	1.4	6.8
Military	2,294	2,430	2,382	2,475	2,506	3.1	1.3	3.8
State and local	3,032	2,874	2,940	2,819	2,928	1.9	3.9	-3.0

Source data for 2001 Q1 and 2001 Q2 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income, January 24, 2002, <<http://www.bea.doc.gov/bea/regional/sq/>> and tabulations by the Hawaii State Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,  
ALL URBAN CONSUMERS (CPI-U)  
[1982-84=100]**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
2001	177.1	178.4	169.5	179.1	101.0	174.5	2/	101.6	104.6	289.3
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
H2	177.5	178.7	170.7	179.3	102.3	173.0	2/	101.1	105.8	291.1
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	3.0	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
2001	2.8	1.2	2.9	0.7	-2.4	2.9	2/	-1.2	-1.8	3.4
1995H1	2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.7	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6
H2	2.3	1.1	4.0	0.4	-0.3	0.9	2/	-1.5	0.2	3.3

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, <<http://stats.bls.gov>>, Fax-on-Demand (415) 975-4567, and Information (415) 975-4350.

BLS Public Access: <<http://146.142.4.24/labjava/outside.jsp?survey=cu>> accessed February 20, 2002.

BLS Hono CPI News Releases, <<http://stats.bls.gov/special.requests/sanfrancisco/cpihono.htm>> accessed February 20, 2002.

## C. TAX REVENUES

Fourth quarter State general fund tax revenues were almost identical to the amount collected in the fourth quarter of 2000. There was positive growth in the general excise tax category, but this was offset by declines in net individual income tax receipts and net corporate income tax receipts. For the year 2001 as a whole, general fund revenues surpassed the previous record annual collections of 2000.

On November 14, 2001, responding to the decline in State tax revenue growth first seen in the second quarter of 2001 and accentuated by the attacks of September 11th, the Council on Revenues (COR) revised its forecast for the fiscal year downward from an increase of 4.1 percent to a decline of 0.7 percent. On March 14, 2002, the COR renewed the projection of a 0.7 percent decrease for the fiscal year.

State general fund tax revenue growth was recorded to be 0.0 percent for the fourth quarter of 2000 to the fourth quarter of 2001 (Tables C-1 and C-2). For the year 2001, general fund collections were up 3.4 percent measured from the \$3 billion collections in 2000.

During the fourth quarter of 2001, the two major revenue-producing taxes moved in different directions. The general excise and use tax (GET) revenues expanded by 3.8 percent over the last quarter of 2000 (Table C-3) while revenues from the individual income tax decreased 3.0 percent (Table C-4). Net individual income tax revenue is the sum of four components. The

largest component, Withholding Tax on Wages, decreased by 1.7 percent (Table C-7) compared to the last quarter of 2000. This decrease was enhanced by a 3.6 percent decrease in Declaration of Estimated Taxes for the same period (Table C-5). A 15.0 percent increase in Refunds added to the revenue reduction (Table C-8). The only component that produced increased revenue was Payment with Returns, which grew by 2.4 percent on a year-to-year basis (Table C-6). On an annual basis, GET was up 3.1 percent for 2001 over 2000 and individual income tax collections were up 1.8 percent.

Net corporate income tax revenue decreased by 381.2 percent in the fourth quarter of 2001 compared to the year-earlier quarter (Table C-9). This reflects the fact that more corporate income tax refunds were made in the fourth quarter of 2001 than taxes were collected. Refunds totaled \$29.4 million in the last quarter of 2001 (Table C-12), while the sum of Declaration of Estimated Taxes-Corporate (Table C-10) and Payment with Returns – Corporate (Table C-11) was \$19.2 million.

Transient Accommodations Tax (TAT) revenue decreased 13.3 percent in the fourth quarter of 2001 (Table C-13). This decrease occurred while the average daily visitor census declined by 18.7 percent for the same quarter (Table D-1). For the year, TAT was down 0.4 percent over year 2000 collections.



**Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS**

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
2000		1,611,446	1,080,371	67,650	3,067,622
2001		1,660,764	1,100,317	48,269	3,172,251
1998	1 Qtr.	375,018	247,815	10,592	714,466
	2 Qtr.	348,955	291,713	30,408	743,003
	3 Qtr.	360,313	283,430	15,479	738,957
	4 Qtr.	352,368	270,283	-6,368	692,866
1999	1 Qtr.	369,292	238,606	7,428	686,437
	2 Qtr.	365,306	276,392	26,104	735,905
	3 Qtr.	372,436	277,965	14,119	735,969
	4 Qtr.	347,698	260,895	41	682,978
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
2001	1 Qtr.	436,888	265,833	17,932	825,236
	2 Qtr.	407,800	284,311	29,265	818,204
	3 Qtr.	406,543	289,424	11,224	789,091
	4 Qtr.	409,533	260,749	-10,152	739,719
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
2000		10.8	2.5	41.8	8.0
2000		3.1	1.8	-28.6	3.4
1998	1 Qtr.	2.7	9.0	-41.3	3.7
	2 Qtr.	-4.8	36.7	-5.9	9.9
	3 Qtr.	1.1	5.1	46.1	4.9
	4 Qtr.	2.2	-1.5	-18.3	0.9
1999	1 Qtr.	-1.5	-3.7	-29.9	-3.9
	2 Qtr.	4.7	-5.3	-14.2	-1.0
	3 Qtr.	3.4	-1.9	-8.8	-0.4
	4 Qtr.	-1.3	-3.5	100.6	-1.4
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3
2001	1 Qtr.	3.5	7.6	3.3	7.8
	2 Qtr.	3.5	2.1	-20.3	3.9
	3 Qtr.	1.5	1.2	12.4	1.9
	4 Qtr.	3.8	-3.0	-381.2	0.0

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

Individual income tax rates changed effective January 1, 1999.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

Source: Hawaii State Department of Taxation.

## D. TOURISM

Hawaii's visitor industry was the sector most severely affected by the September 11<sup>th</sup> attacks. The slight negative trend in visitor arrivals growth, which began in the second quarter of 2001, turned sharply negative in the fourth quarter. Both the number of visitor arrivals and the average daily visitor census decreased drastically from the fourth quarter 2000. As a result, hotel occupancy rates also dropped.

The number of visitor arriving by air decreased by 24.4 percent from the fourth quarter of 2000 to the fourth quarter of 2001 (Tables D-1 and D-2). This is the largest quarterly decline in total Hawaii visitor arrivals on record. For the year 2001, total visitor arrivals fell 9.1 percent below the total for 2000, a difference of 635,000 visitors.

Looking at where the flights originated, the number of travelers on domestic flights declined by 12.0 percent and the number on international flights fell by 45.5 percent comparing the fourth quarter of 2001 to the fourth quarter of 2000 (Tables D-3 and D-4). During 2001, total annual domestic arrivals were 5.1 percent less than the year 2000 and total international arrivals were down 16.2 percent.

Considering visitors from various major market areas, the greatest absolute and relative decrease was in Japanese visitor arrivals which decreased by about 225,000 or 49.2 percent from the fourth quarter 2000 to the fourth quarter 2001 (Table D-7). Visitor arrivals from Japan were already declining from the peak in 1997, but had positive

growth for 2000. Arrivals declined in the first two quarters of 2001, but the rate was accelerated by the events of September 11<sup>th</sup>. The ongoing decline was a product of the recession in the Japanese economy and the weakening Yen.

From the two domestic markets, visitors from the U.S. West declined by 4.0 percent (Table D-5) while U.S. East visitor arrivals fell by 16.6 percent over the period (Table D-6).

Average daily visitor census numbers were down 18.7 percent in the fourth quarter (Table D-8). By flight direction, average daily visitor census for domestic visitors was down 10.5 percent and it was down 40.5 percent for international visitors (Tables D-9 and D-10). The average daily census reflects both arrivals and length of stay. Average length of stay increased somewhat for both domestic and international visitors.

Hotel occupancy rates also dropped, decreasing from 72.8 percent in the fourth quarter of 2000 to 57.1 percent in the fourth quarter of 2001 (Table D-11). Hotel occupancy for the year was down from 76.0 percent in 2000 to 70.7 percent in 2001.

Readers interested in reviewing visitor statistics on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>.

Readers interested in reviewing the most recent daily passenger arrival data can find them at <http://www.hawaii.gov/dbedt/special/index.html>.

**Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR**

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,948,595	4,446,936	2,501,659	168,637	123,441	45,196
2001	6,313,659	4,218,374	2,095,285	157,633	117,931	39,702
1998 1 Qtr.	1,668,494	973,221	695,273	168,313	117,377	50,936
2 Qtr.	1,616,987	1,035,106	581,881	148,818	110,319	38,499
3 Qtr.	1,724,849	1,040,587	684,262	158,423	111,721	46,701
4 Qtr.	1,585,460	965,226	620,234	154,146	108,952	45,193
1999 1 Qtr.	1,688,751	1,021,745	667,006	174,588	120,018	54,570
2 Qtr.	1,615,842	1,058,106	557,736	151,621	112,905	38,716
3 Qtr.	1,799,719	1,132,114	667,605	169,672	121,730	47,942
4 Qtr.	1,636,726	1,043,657	593,069	161,956	117,326	44,630
2000 1 Qtr.	1,720,922	1,070,247	650,675	175,797	124,638	51,158
2 Qtr.	1,739,432	1,165,262	574,171	164,816	125,173	39,642
3 Qtr.	1,818,701	1,159,909	658,792	171,435	126,075	45,360
4 Qtr.	1,669,539	1,051,518	618,021	162,537	117,911	44,626
2001 1 Qtr.	1,723,659	1,079,762	643,897	177,763	126,539	51,225
2 Qtr.	1,685,391	1,129,685	555,706	161,193	120,800	40,393
3 Qtr.	1,642,014	1,083,222	558,792	159,938	119,044	40,895
4 Qtr.	1,262,595	925,705	336,890	132,114	105,560	26,554
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.1	4.5	0.7	2.6	4.6	-2.7
2001	-9.1	-5.1	-16.2	-6.5	-4.5	-12.2
1998 1 Qtr.	-2.1	2.2	-7.5	5.6	9.4	-2.4
2 Qtr.	0.0	7.1	-10.5	-2.3	2.5	-13.8
3 Qtr.	-4.1	1.9	-12.0	-4.2	-0.7	-11.6
4 Qtr.	-3.4	1.6	-10.3	1.6	4.1	-3.8
1999 1 Qtr.	1.2	5.0	-4.1	3.7	2.3	7.1
2 Qtr.	-0.1	2.2	-4.1	1.9	2.3	0.6
3 Qtr.	4.3	8.8	-2.4	7.1	9.0	2.7
4 Qtr.	3.2	8.1	-4.4	5.1	7.7	-1.2
2000 1 Qtr.	1.9	4.7	-2.4	0.7	3.8	-6.3
2 Qtr.	7.6	10.1	2.9	8.7	10.9	2.4
3 Qtr.	1.1	2.5	-1.3	1.0	3.6	-5.4
4 Qtr.	2.0	0.8	4.2	0.4	0.5	0.0
2001 1 Qtr.	0.2	0.9	-1.0	1.1	1.5	0.1
2 Qtr.	-3.1	-3.1	-3.2	-2.2	-3.5	1.9
3 Qtr.	-9.7	-6.6	-15.2	-6.7	-5.6	-9.8
4 Qtr.	-24.4	-12.0	-45.5	-18.7	-10.5	-40.5

1/ Staying overnight or longer.

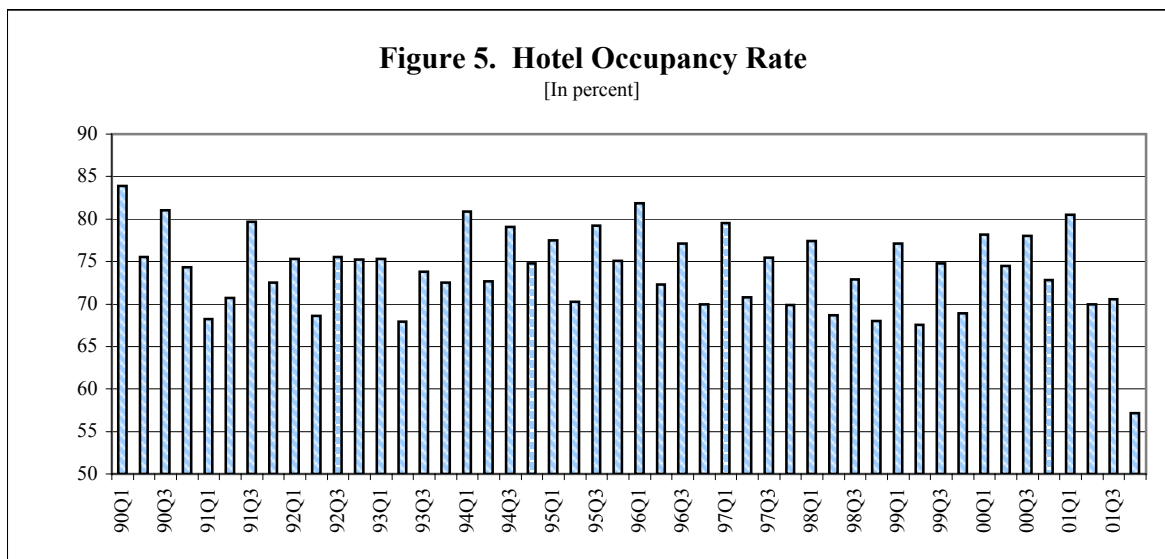
Source: Hawaii State Department of Business, Economic Development & Tourism.

**Table D-11. HOTEL OCCUPANCY RATE**

<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual</i>
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	68.0	71.5
1999	77.1	67.5	74.8	68.9	72.1
2000	78.2	74.5	78.0	72.8	76.0
2001	80.5	70.0	70.6	57.1	70.7

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages from February 1995.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC



## E. CONSTRUCTION

Construction industry activity, as measured by both the contracting tax base and government contracts awarded, increased in the fourth quarter compared to last year's fourth quarter level. Total private authorizations, which tend to indicate construction activity in the near future, were down for the fourth quarter, but up for the year as a whole.

The contracting tax base, construction activity subject to the general excise tax, increased by 6.4 percent from the fourth quarter of 2000 to the fourth quarter of 2001 (Table E-1). The contracting tax base is a proxy for completed construction. This measure grew by 4.2 percent in 2001.

Government contracts awarded are up significantly from last year, increasing 170.3 percent from the fourth quarter of 2000 to the fourth quarter of 2001 (Table E-1). State Capital Improvement Projects (CIP) were up last quarter by 30.6 percent over the fourth quarter of 2000 (Table E-11).

Private building permit authorizations were down 3.5 percent statewide for the fourth quarter. The decline was led by single family unit authorizations which were down 23.0 percent. Multi-family units

authorized were up 30.1 percent, but account for a small share of the current market. Geographically, the decline was felt most strongly in the City and County of Honolulu, where authorizations dropped off 31.5 percent (Table E-6). Private authorizations increased on Kauai by 105.6 percent in the fourth quarter of 2001 from the year-earlier quarter. Maui County showed a 35.3 percent increase and Hawaii County remained the same for the fourth quarter of 2001.

Construction jobs statewide decreased in the fourth quarter as compared to 2000. Construction jobs declined 3.8 percent from the fourth quarter of 2000 to the fourth quarter of 2001 (Table 1). Construction jobs continued to grow in Hawaii County (6.8 percent, Table 3) and Kauai County (4.8 percent, Table 5). Construction jobs fell 6.2 percent in Honolulu (Table 2) and declined 1.6 percent on Maui (Table 4).

The Honolulu Construction Cost Index for Single Family Residences increased by 5.1 percent over the fourth quarter of 2000 (Table E-4). The comparable index for high-rise buildings rose by 3.9 percent (Table E-5).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	810.9
2001	3,766.4	1,558.8	855.5	329.1	374.2	715.7
1997 1 Qtr.	685.9	258.9	88.4	72.8	97.8	181.8
2 Qtr.	777.1	425.6	220.8	93.6	111.9	121.6
3 Qtr.	734.1	266.0	132.8	46.8	86.3	200.9
4 Qtr.	747.3	228.7	100.5	51.3	76.2	111.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1
2001 1 Qtr.	920.5	360.7	184.5	96.6	79.6	178.0
2 Qtr.	918.4	410.8	221.5	77.9	111.5	175.7
3 Qtr.	893.2	410.5	245.7	68.3	96.4	113.1
4 Qtr.	1,034.3	376.8	203.8	86.3	86.7	248.9

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data onl

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	38.7
2001	4.2	3.1	6.9	33.7	-19.7	-11.7
1997 1 Qtr.	-16.8	-7.7	-25.3	-7.2	16.8	-43.1
2 Qtr.	-4.6	58.7	122.5	49.8	5.0	55.9
3 Qtr.	-12.5	-24.5	-25.3	-27.7	-21.4	-37.9
4 Qtr.	-7.5	5.8	10.1	8.7	-5.8	-32.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9
2001 1 Qtr.	4.9	2.5	-9.2	57.6	-8.8	-18.0
2 Qtr.	5.7	4.6	13.6	6.9	-10.9	81.9
3 Qtr.	-0.2	8.8	20.4	15.6	-15.6	-72.1
4 Qtr.	6.4	-3.5	3.0	63.3	-37.9	170.3

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

## F. OTHER INDICATORS

Bankruptcy filings increased again in the fourth quarter of 2001. This was the fourth straight increase after 7 quarters of decline during 1999 and 2000. Both Chapter 7 and Chapter 13 filings rose, and Chapter 11 filings decreased.

The total number of bankruptcy filings increased by 6.0 percent in the fourth quarter 2001 compared to the fourth quarter of 2000 (Table F-1). Like the increases in the first three quarters of 2001, this may be related to a pending change in federal bankruptcy law that will impose stricter terms on debtors. Bankruptcies increased 11.2 percent in Hawaii in 2001 over the year 2000.

The largest percentage increase was in Chapter 13 filings which increased 12.3 percent in the fourth quarter of 2001 over the fourth quarter of 2000. Chapter 13 bankruptcy allows debtors to workout repayment arrangements with creditors.

Chapter 7 filings increased by the greatest number, about 60, an increase of 5.9 percent in the fourth quarter. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start.

Chapter 11 filings declined from 10 filings in the fourth quarter of 2000 to 5 filings in the fourth quarter of 2001 or a decrease of 50 percent. Chapter 11 filings involve the structuring of repayment plans for companies.

The increase in Hawaii bankruptcy filings is similar to the increase in filings for the nation as a whole. U.S. bankruptcy filings increased 17.7 percent from the fourth quarter of 2000 through the fourth quarter 2001. The calendar year 2001 was the record year for bankruptcies, up 19 percent and about 1.5 million from 2000. Quarterly U.S. bankruptcy statistics can be found at:  
[http://www.uscourts.gov/Press\\_Releases/cy01bk.pdf](http://www.uscourts.gov/Press_Releases/cy01bk.pdf)

**Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)**

